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Panel on Information Technology and Broadcasting

Meeting on 11 March 2013

Background brief on the establishment of the CreateSmart Initiative in supporting the development of creative industries

Purpose

This paper provides background information on the establishment of the CreateSmart Initiative ("CSI") and an update on the projects sponsored by the CSI. It also provides a summary of views and concerns expressed by the Panel on Information Technology and Broadcasting ("the Panel") in previous discussions.

Background

2. Hong Kong has an edge in the development of various sectors of the creative industries¹. In the 2007 Policy Address, the Chief Executive pledged that Hong Kong should accelerate the development of creative industries in order to maintain its competitive edge. In April 2009, the Task Force on Economic Challenges identified cultural and creative industries as one of the six economic areas with high growth potential. In May 2009, the Government put together existing resources to establish Create Hong Kong ("CreateHK") to spearhead Government's efforts in speeding up the development of creative industries.

3. To further strengthen the Government's support to the creative industries, the Financial Secretary announced in the 2009-2010 Budget the setting aside of \$300 million to provide financial support to the creative industries in the following three years. The CSI administered by CreateHK

¹ Creative industries are defined as those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.

was subsequently established in June 2009 with the Finance Committee ("FC")'s approval to provide funding support to initiatives that were conducive to the development and promotion of creative industries, such as projects initiated by the creative industry sectors (including architecture, comics, digital entertainment, advertising, music and publication, etc.), CreateHK office and other government departments. The Administration had also established a vetting committee comprising representatives of the industries, academics, etc. to support CreateHK in assessing the funding applications. Other than CSI, CreateHK also administers the \$250 million DesignSmart Initiative ("DSI")², and the \$320 million Film Development Fund ("FDF"). The general eligibility and assessment criteria of the CSI had been revised in May 2011 and remained in line with the scope of the CSI funding commitment that FC approved in May 2009. Details of the revised general eligibility and assessment criteria of the CSI provided by the Administration are set out in the **Appendix**.

4. Projects approved under the CSI include supporting the participation of local creative talent in international competitions, providing paid internship opportunities in creative sectors, providing general and professional educational opportunities to nurture talents, assisting the trades in organizing activities in the Mainland and overseas to demonstrate the strength of Hong Kong's creative talents and establish platforms for promotion and facilitation of business and marketing activities, and organizing signature creative events to raise Hong Kong's profile as a creative hub in Asia. Design-related projects used to be funded under the DSI. Approved design-related projects include conferences, workshops, exhibitions, design competitions and awards, training courses, etc.. With effect from 1 June 2011, new design-related projects have been considered and funded under the CSI, with the exception of those projects funded under the Design-Business Collaboration Scheme and the Design Incubation Programme.

Update on the projects sponsored by the CreateSmart Initiative in 2012

Nurturing talent

5. Sponsored by the CSI, a teaching kit on appreciation of architecture designed for secondary school students was launched in October 2012. Up to

² In May 2011, the Administration issued an information paper on the consolidation of DSI and CSI (CB(1)2134/10-11(01) issued on 9 May 2011). The purpose of the consolidation was to rationalize funding arrangements for the creative sector and streamline processing. The Administration advised that with the exhaustion of funding under DSI, it would seek funding for the initiatives related to design to be considered under CSI.

end 2012, teachers from over 220 secondary schools had participated in the training workshops on the use of the teaching kit. CSI has continued with the funding support for two graduate internship support schemes, namely the Hong Kong Digital Entertainment Industry New Graduate Support Scheme and the Hong Kong Digital Advertising Industry Fresh Graduate Support Scheme. The former aims at nurturing new talents in animation, comics, digital game and post production and visual effect fields of the digital entertainment sector while the latter aims at nurturing a pool of creative human capital for the local digital advertising industry. Under both graduate internship support schemes, local digital entertainment companies and advertising companies will provide a one-year full-time employment and on-the-job training for up to 120 graduate trainees.

6. In 2012, the CSI has supported overseas exchange programmes for young designers to widen their horizon, the "Knowledge of Design Week" to provide designers and business executives with practical knowledge on new design disciplines, strategies and trends, and the "Institute of Design Knowledge" programme to provide design and design management training offered by world-class design masters on a flexible module basis.

Supporting the organization of major creative events to promote Hong Kong as Asia's creative capital

7. Under the sponsorship of the CSI, the Hong Kong Avenue of Comic Stars was opened in September 2012 in Kowloon Park to display the figurines of Hong Kong comics characters and symbols of selected comics artists. The project aimed at enhancing the community's interest in local comics, expanding the market of Hong Kong comics and promoting Hong Kong comics to the Mainland and overseas visitors. The Avenue of Comic Stars attracted over 259 000 visitors from September to December 2012.

8. The CSI also provided funding support to organize the "Tian Tian Xiang Shang" Creativity-For-Community and School Development Programme 2012, which aimed to stimulate creativity among students and the public, as well as encourage exchange among creative industry practitioners through sculpture creations, creative workshops and exhibitions.

9. The CSI-funded Asia Online Game Summit held in December 2012 also attracted practitioners from 10 Asian countries or regions to share the latest information and development of game industry.

Previous discussions

10. At the Panel meeting on 10 January 2011, some Panel members opined that despite the Administration's claim to build Hong Kong into a regional creative capital and to foster a conducive environment for creative industries, the Administration had not done enough on the education front to nurture creative talents in primary and secondary schools. There was also concern about the brain drain of Hong Kong creative talents, particularly in the film and information technology sectors, to the Mainland and overseas which might undermine Hong Kong's position as the regional creative hub. These members also expressed concern about the lack of land supply and suitable premises for new creative start-ups, and called for additional measures to assist these start-ups. Other members considered that publicity and promotion efforts should be stepped up to showcase Hong Kong's creativity and help raise the profile of Hong Kong's creative industries. The Administration assured members that continued efforts would be made to foster a creative atmosphere, promote a culture of innovation and creativity and strengthen the support for the development of creative industries within the community.

11. At the Panel meeting on 4 February 2013, some Panel members opined that the Administration should set up a mechanism to receive feedbacks from related parties to enable the Administration to assess and evaluate in detail the effectiveness and benefits of the CSI. The Chairman expressed concern that the Administration had mostly focused its efforts on publicity and mega promotional activities, and had not done enough to assist in providing suitable premises and support to the local creative industries. The Administration advised members that feedbacks had been collected from participants, business organizations and vetting committee members of CSI in the last quarter of 2012 for assessment and evaluation. It assured members that continued efforts would be made to speed up the development of creative industries and to promote Hong Kong as Asia's creative capital.

Recent developments

12. As at end December 2012, the CSI has committed funding support of close to \$240 million in total for 121 projects. To further underline the Administration's support for developing the creative industries and as an initiative under the 2013 Policy Address, the Administration has announced that the Government will inject an additional \$300 million into the CSI in 2013. Such injection enables the CSI to provide sustained support for programmes that seek to nurture talents, expand the Mainland and overseas markets, build brands, and stage large-scale creative events to reinforce Hong

Kong's position as Asia's creative capital.

Latest position

13. The Administration will brief the Panel on 11 March 2013 on the proposal to inject additional funding of HK\$300 million into the CSI.

Relevant papers

14. A list of the relevant papers with their hyperlinks is at:
http://www.legco.gov.hk/yr15-16/english/panels/itb/papers/itb_g.htm
http://www.legco.gov.hk/yr11-12/english/panels/itb/papers/itb_g.htm
http://www.createhk.gov.hk/en/approved_projects.htm

Council Business Division 4
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Revised General Eligibility and Assessment Criteria of the CreateSmart Initiative

1. An applicant should normally be a locally registered institution/organization¹. Create Hong Kong and other government departments can also apply for the funding.
2. Project elements which are covered under the scope of the Film Development Fund ("FDF") and Film Guarantee Fund ("FGF")² and those which will receive or have received funding from other government sources are not eligible to apply for funding under the CreateSmart Initiative ("CSI").
3. Projects under application must be beneficial to the overall development of individual creative industry sectors or the entire creative industries.
4. Benefits accrued from the projects must serve the interests of individual creative industry sectors or the entire creative industries, and not just an individual private company or a consortium of private companies.
5. Projects should mainly be non-profit making by nature. Special consideration could be given for projects that can ultimately be self-financing.
6. In general, funds approved can only be used for non-recurrent expenditure. Under exceptional circumstances where the projects under application consist of a recurrent item (e.g. staff cost), the funds approved can only be of a one-off nature.

¹ The original version of this general eligibility criterion for the CSI is as follows -

"An applicant should normally be a locally registered institution/organisation *engaged in creative industries or a related body*. Create Hong Kong and other government departments can also apply for the funding. "

The underlined part of the criterion is deleted in the revised version to allow for greater flexibility in terms of applicants' eligibility, because design cuts across different industries and they may also wish to engage in design promotion activities to help move up the value chain.

² The original version of this general eligibility criterion for the CSI is as follows -

"Project elements which are covered under the scope of the *DesignSmart Initiative ("DSI")*, Film Development Fund ("FDF") and Film Guarantee Fund ("FGF") and those which will receive or have received funding from other government sources are not eligible to apply for funding under the CreateSmart Initiative ("CSI")."

The underlined part of the criterion is deleted in the revised version because the DSI will lapse and the source of funding for design-related projects and programmes will be switched to the CSI.

7. Funds approved cannot be used to create any civil service posts.
8. In examining an application, the following must be taken into consideration –
 - (a) the benefits that a project may bring to local creative industries, either to individual sectors or the industries as a whole;
 - (b) the need of such project;
 - (c) the technical and project management capabilities of the applicant institution/organization;
 - (d) whether the implementation schedule of the proposed project is well planned and whether the time required for implementation is reasonable;
 - (e) whether the proposed budget is reasonable and realistic;
 - (f) whether the project has been funded or should be funded by other government sources;
 - (g) whether there is/will be any duplication in terms of the work carried out by other institutions;
 - (h) whether the project can be self-financing after a certain period of time; and
 - (i) any other special factors which are relevant and contribute towards the objective of the CSI.

Note – Subject to further review, the Design-Business Collaboration Scheme and the Design Incubation Programme currently funded under the DSI may be migrated to the CSI at a later stage.